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SENSITIVE

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TAGS: [ETRD](#) [TU](#)
SUBJECT: Foreign Trade Official on WTO Negotiations,
Palestine FTA and the QIZ

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY

Ref: (A) Jerusalem 492 (B) State 6662 (B) Ankara 655

1. (SBU) Summary: In a February 27 meeting with Econoff, Foreign Trade Deputy Director General Husnu Dilemre and Department Head Hasan Yalcin expressed support for USTR Zoellick's efforts to establish positive momentum in the WTO negotiations, provided some details on the Turkey - Palestine FTA, and expressed interest in going forward with a Qualifying Industrial Zone including textiles and apparel. End Summary.

2. (SBU) WTO Negotiations: Foreign Trade Deputy Director General for Agreements Husnu Dilemre and Department Head Hasan Yalcin told us that they viewed USTR Zoellick's efforts to revive the the WTO negotiations very positively. If progress is sufficient to warrant a high-level meeting in 2004, Dilemre suggested that Turkey might be willing to host a mini-ministerial. However, he said this was a personal view that would have to be cleared within the GOT, if and when WTO members arrived at a consensus on the desirability of holding such a meeting.

3. (SBU) Palestine FTA: In response to a question from Econoff on Turkey's free trade agreement with Palestine (refs A, C), Dilemre replied that the GOT negotiated this FTA within the framework of its European Union customs union. Since the EU has an FTA with Palestine, Turkey is obliged to negotiate a parallel agreement. Dilemre remarked that the Palestinians were hoping for significant technical assistance under the FTA, but Turkey's budget situation rules out an expensive program. He said that assistance is likely to be limited to sharing information, such as on customs procedures and documents.

4. (SBU) Qualifying Industrial Zone (QIZ): Dilemre, a member of the delegation traveling with Prime Minister Erdogan's to the United States in January, expressed disappointment with the USG's refusal to contemplate any textile/apparel content in a Turkey QIZ. He said that Turkey was prepared to consider various arrangements to address our sensitivities on textiles, but which would also preserve some flexibility for the future, such as a temporary ban (lasting, for example, until 2010) on according duty-free status to QIZ textiles exports. Dilemre maintained that the QIZ is critical for Turkey, because it is the only type of U.S. - Turkey trade agreement which would be consistent with the rules of the WTO and the customs union. Econoff responded that USG agencies were not prepared to go to Congress with any piece of QIZ legislation including trade preferences for textiles or apparel.
Edelman